

DESCRIPTION OF CAPITAL IMPROVEMENT PROGRAM

FISCAL YEARS 1999 - 2003

The Capital Improvement Program (CIP) contains the budgeted and proposed capital improvements by project description, proposed funding source, and scheduled costs. The CIP is a planning and financial tool for the City to prepare for future needs. The City's CIP is broken into two parts. The first part covers the proposed capital improvements in the General Fund. The second covers those improvements in the Water and Sewer Fund. A brief narrative is provided for each proposed project. Following the narratives, a detailed CIP schedule for each fund is presented.

General Fund CIP

The following projects have been proposed over the next five years in the General Fund. Funding has been provided for the FY 1998-99 projects in the budget.

City Office Buildings: Planned improvements include the renovation of two floors and part of a third. Appropriations have already been made to fund these improvements. Other improvements include the expansion and landscaping of one parking lot and the creation of a second. Some windows and doors are also scheduled to be replaced.

Impact on Operations: *It is anticipated that operational costs will fall slightly for the City Office Buildings since the City will consolidate employees from four locations into two. Other City employees will use one of the vacated sites; the other facility will be sold.*

HVAC Repairs to Various Facilities: The City is continuing repairing and replacing outdated HVAC systems. Funding is provided to replace various HVAC components at the City Office Building and replace four heat pumps at the Police Department.

Remodel Bathrooms at Fire Station 53: During FY 1996-97, the heating system was replaced which impacted the bathroom area at this station. The ductwork and furnace are now exposed. Additionally, this area was constructed in the 1950's in a style that does not assure privacy for today's firefighters.

Fleet Management Facility: Due to the growth of the City and the City's fleet, the expansion of the shop and upper bay is necessary to continue to provide the same level of service and to accomplish a more productive work flow. Fiscal year 1998-99 plans involve filling a service-bay pit to provide more useable floorspace.

Enclose and Heat Building Connection for Street Division: The enclosure will add office and meeting space for the Street Division.

Roof Repairs to Various Facilities: Based on a study of the state of roofs for various City-owned facilities, funding is recommended to continue to bring the roofs up to a satisfactory level. For FY 1998-99, funding is provided to repair a roof in a facility shared by three Public Services Divisions.

Equipment Storage at Landscaping: Current equipment storage is inadequate. For longevity of equipment, it is best to store the equipment out of the elements. The proposed storage area will house the larger tractors and will enhance the functionality of the remaining area. In addition, a storage area with an irrigation system is needed for planting materials.

Enclose Area for Traffic Operations: By enclosing the area between the two Traffic Operations buildings, leasing of storage trailers would be eliminated and an area for repair/office space would be provided.

Impact on Operations: *The City would save \$800 annually by not leasing storage trailers, but most of the savings would be offset by additional heating and cooling costs.*

Equipment/Materials Storage – Street Division: The City has an old landfill that is used for storage of materials such as compost, dirt, and sand. Storage facilities are needed to keep these materials dry and allow for continuation of work projects regardless of weather conditions. Additionally, a secure facility is needed to house various pieces of equipment.

Racquetball Court Renovations: The City replaced two of the courts during FY 1997-98, however, moisture problems continue to cause damage. By setting aside funding, the City will renovate the remaining courts in FY 1998-99.

Civic Center Parking Lot Expansion: When the Civic Center was completed, the minimum number of required parking spaces was constructed. There are currently more than 10 events annually which draw crowds that exceed the parking capacity, as well as public meetings. Additional parking would also allow for program opportunities that cannot be provided due to lack of parking space.

Parks and Recreation Renovations: In future years, funding is recommended to continue improving the state of the parks and replace old and worn equipment and facilities.

Impact on Operations: *The necessary improvements will be funded on a “pay-as-you-go” basis. The improvements will not incur more operating costs.*

Salisbury Community Park and Athletic Complex: On May 7, 1996, the citizens of Salisbury approved a \$3 million general obligation bond referendum for this Complex. These bonds have been sold and the land purchased for approximately \$1,500,000. The next phase of this project includes the development of the infrastructure, softball, and soccer fields.

Impact on Operations: *The ongoing operational costs of the new complex are being evaluated. Currently, the estimated additional personnel and operating costs (with the debt service) for the next five years are FY99 - \$265,047; FY00 - \$349,560; FY01 - \$395,653; FY02 - \$398,277; FY03 - \$399,693.*

Salisbury West Recreation Complex: The needs of the citizens of Salisbury warrant a new recreational facility in the west area of town. Further study is needed to determine the timing and costs of this project. Estimates for the construction costs are approximately \$457,500. This project would be funded over a three-year period. Components of the construction would be as follows: FY00 – Hall Gym renovation, \$187,500; FY01 – Parking lot renovation/expansion, \$150,000; FY02 – Gym fitness room and Classroom, \$120,000.

Construct New Fire Station: This station is needed to protect the growth around the Salisbury Mall/Highway 70 area. The opening of the station will be part of a three-year implementation, which includes the hiring of six personnel for each of the three years.

Impact on Operations: *The greatest impact of the CIP on General Fund operations will be in the construction and staffing of the new fire station. Currently, the estimated additional personnel and operating costs (including debt service) are FY00 - \$292,763; FY01 - \$498,574; FY02 - \$703,220; FY03 - \$720,280.*

Impact on Operations in General Fund - *Most capital improvements will not have an impact on the operating costs of the General Fund. A constant amount of funding is set aside in the General Fund Budget for improvements to upgrade aging and inadequate offices and buildings.*

Debt service requirements for the general obligation bonds issued for the development of Community Park and Athletic Complex is included in the Debt Management Program section of this document.

A future bond referendum of \$1,500,000 for expansion of the Civic Center could possibly increase the tax rate for the debt service requirements.

Water and Sewer Fund CIP

The Water and Sewer Fund's CIP is broken into water projects and sewer projects. The following water projects have been proposed over the next five years. Funding has been provided for the FY 1998-99 projects in the budget.

Water Line Repair and Replacement: Each year, the City budgets funds to repair and replace our aging water distribution system. Actual projects are identified and prioritized annually.

Water Line Extensions: Each year the City budgets funds to extend water lines in accordance with the Water/Sewer Extension Policy. Actual projects are identified and prioritized annually.

Raw Water Force Main and Gravity Lines: Our aging raw water supply system must be upgraded in order to ensure that water can be reliably conveyed to the Water Plant Treatment Plant. The first phase will include an upgrade of the manifold at the Yadkin River Pump Station to allow an increase in pumping capacity from 12 million gallons per day (MGD) up to 24 MGD and the installation of a new 42" force main from the Yadkin River Pump Station to the reservoirs. The second phase includes the installation of a new 30" gravity line from the reservoirs to the Water Treatment Plant. The upgrading of the lines in size will also allow for the proposed expansion of the Water Treatment Plant to 18 MGD.

Hurley School/Sherrills Ford Roads 12" Water Line: The US 29 booster station is the only point of supply for the "high pressure" water distribution system. A line along Hurley School and Sherrills Ford Roads will connect to the water line at NC 150 and Rowan Mills Road. A new pump station at the Highway 70 standpipe will be able to supply the "high pressure system" in the event the US 29 booster station was inoperable.

Water Line Extension to Rockwell: The consolidation of the Rockwell water distribution system with the Salisbury utility system has resulted in the Utilities Department operating and maintaining the 10 deep wells that supply drinking water to Rockwell. While the existing wells have adequate capacity to supply the current demand, it will be necessary to extend a 12-inch water line from the end of the Salisbury distribution system in Granite Quarry along Highway 52 to Rockwell in order to accommodate increasing demand due to growth.

Water Treatment Plant Upgrade: Our current water treatment plant is over forty years old. Repairs and improvements are needed in order to ensure compliance with regulations and reliability of supply. Phase 1 includes filter rehabilitation, new filter valves and controls, new finished water pumps, clearwell baffles and an emergency generator. These improvements and those scheduled for the following years will ensure our ability to meet all current and proposed federal/state standards and to expand our treatment capacity to 18 MGD to allow for reasonable growth and expansion of our system.

The following sewer projects have been proposed over the next five years.

Sewer Line Repair and Replacement: Each year, the City budgets funds to repair and replace our aging sewer collection system. Actual projects are identified and prioritized annually.

Sewer Line Extensions: Each year, the City budgets funds to extend sewer lines in accordance with the Water/Sewer Extension Policy. Actual projects are identified and prioritized annually.

Laboratory Expansion/Maintenance Building: This project consists of the expansion of the laboratory in the existing building, including HVAC improvements to improve ventilation to meet OSHA standards. A new building to house the maintenance shop for the Plants Maintenance Division will allow for a more enclosed shop area for equipment repairs and to accommodate additional personnel due to consolidation.

Town Creek Interceptor (Phase 2): The existing 24" interceptor is to be replaced with a 42" sewer line due to the existing sewer being in poor condition and allowing excessive infiltration that leads to sewer overflows.

The part of this project scheduled for FY 1998-99 includes replacing the sewer line from the Town Creek Commons development at Innes Street to Old Concord Road.

Town Creek WWTP Effluent Pump Station and Force Main: This project consists of a major pump station located at the Town Creek WWTP and a force main running from the Town Creek WWTP to the Yadkin River Effluent Outfall. Initially, this project will be operated to pump treated effluent from the Town Creek WWTP to the outfall for discharge into the Yadkin River. After construction of the Yadkin River Regional WWTP, the pump station and force main will be converted to pump screened and dewatered influent wastewater to the new plant for treatment.

Granite Quarry and Rockwell Generators: This project consists of installing emergency generators at the sewer lift stations in the Granite Quarry/Rockwell sewer conveyance system that do not have them in order to prevent sewer overflows during power outages.

Grant Creek Sludge Dewatering: The plate and frame press at the Residuals Management facility that dewater sludge from both wastewater plants, as well as alum sludge from the water plant, is ten years old and can barely keep up with the current sludge processing demands. This project will install a separate sludge dewatering system at Grant Creek WWTP to meet increasing demand and maintain the solids concentrations at the correct level to ensure compliance with the National Pollutant Discharge Elimination System (NPDES) permit limits. With completion of the project, the practice of hauling sludge by tanker truck from the Grant Creek WWTP to the Town Creek WWTP could be discontinued.

Grant Creek and Town Creek WWTP Upgrade: The State of North Carolina is not proposing nutrient limits as part of the basinwide management plan. Therefore, it is possible that we could operate the two existing WWTPs for an additional 10 to 15 years before a new combined WWTP would have to be built. In order to operate the aging facilities for that length of time and maintain compliance, it will be necessary to replace and upgrade existing equipment and consider the construction of additional clarifiers and tertiary treatments such as sand filters.

Impact on Operations in Water/Sewer Fund - These capital improvements will not have an adverse impact of the operating costs of the Water and Sewer Fund. Currently, no additional staffing is proposed due to any CIP project, either for construction or ongoing operation. The proposed improvements are needed for upgrading aging infrastructure, providing services to new areas, equipping the system with backup and meeting mandates from State and federal government.

The City participates in extension projects that have an approximate 10-year payback, based on availability of funds in each budget year. During FY 1998-99, the City is budgeting \$725,000 for extension projects. In subsequent fiscal years, an amount of \$680,000 is projected for extensions. Any costs beyond the estimated payback or availability of funds are required to be paid by the developer.

Debt service requirements for the CIP are calculated in the Water/Sewer rate structure. Utility rates including operations and debt service for residential customers are projected to increase an average of 9.91% in FY99, 6.08% in FY00, 5.73% in FY01, 3.99% in FY02, and 2.41% in FY03.

ADDENDUM TO CIP

All of the following CIP Projects shown for FY1998-99 were approved except for \$10,000 for an HVAC unit at a recreation facility.

CAPITAL IMPROVEMENT PROGRAM (FY 1999-03)
GENERAL FUND SCHEDULE

PROJECT DESCRIPTION (\$000's)	PROPOSED FUNDING SOURCE	TOTAL PROJECT COST FY 99-03	FIVE YEAR SCHEDULE (FY)					
			1998-99	1999-00	2000-01	2001-02	2002-03	
BUILDINGS								
Renovations to City Office Buildings	Sale of Facility/ Lease Purchase	\$407	\$87	\$208	\$36	\$38	\$38	
H V A C Repairs to Various Facilities	General Fund	57	57					
Remodel Bathroom at Fire Station 53	General Fund	39		39				
Extend Shop Area at Fleet Management Facility	General Fund	520		100	420			
Enclose & Heat Building Connection-Street Division	General Fund	50				50		
Roof Repairs to Various Facilities	General Fund	90	90					
Equipment Storage / Irrigation Landscaping Division	General Fund	24		24				
Enclose Area for Office Space / Storage - Traffic Operations	General Fund	165		165				
Equipment Materials Storage Street Division	General Fund	155		90	20	25	20	
PARKS & RECREATION								
Racquetball Court Renovations at Civic Center	General Fund	6	6					
Civic Center Parking Lot Expansion	General Fund	35				35		
Renovations- Various Parks & Facilities, including H V A C & Roofs	General Fund	707	107	150	150	150	150	
Expansion of Civic Center	GO Bonds	1,500					1,500	
Salisbury Community Park & Athletic Complex	GO Bonds	1,474	1,474					
Salisbury West Complex	HUD	458		188	150	120		
OTHER								
Construct New Fire Station	General Fund/ Lease Purchase	750		750				
TOTAL GENERAL FUND			\$6,437	\$1,821	\$1,714	\$776	\$418	\$1,708

CAPITAL IMPROVEMENT PROGRAM (FY 1999-03)
WATER AND SEWER FUND SCHEDULE

PROJECT DESCRIPTION (S000's)	PROPOSED FUNDING SOURCE	TOTAL PROJECT COST FY 99-03	FIVE YEAR SCHEDULE (FY)				
			1998-99	1999-00	2000-01	2001-02	2002-03
WATER IMPROVEMENTS							
Water Line Repair/Replacement	W/S Rates	\$800	\$100	\$150	\$150	\$200	\$200
Water Line Extensions	W/S Rates	1,485	325	290	290	290	290
Raw Water Force Main & Gravity Lines	GO Bonds/ State Loan	5,421	2,281	3,140			
Hurley School/Sherrills Ford Rds 12" Water Line	Revenue Bonds	1,100					1,100
Water Line Extension to Rockwell	Revenue Bonds	1,620					1,620
Water Treatment Plant Upgrade	GO Bonds/ Revenue Bonds	9,919		2,374	5,884	1,661	
TOTAL WATER IMPROVEMENTS		\$20,345	\$2,706	\$5,954	\$6,324	\$2,151	\$3,210
SEWER IMPROVEMENTS							
Line Repair/Replacement	W/S Rates	\$1,200	\$100	\$200	\$200	\$300	\$400
Sewer Line Extensions	W/S Rates	1,960	400	390	390	390	390
Town Creek Interceptor Sewer (Phase 2)	State Loan/ Revenue Bonds	2,985	2,985				
Town Creek WWTP Effluent Pump Station & Force Main	State Loan/ Revenue Bonds	5,105	5,105				
Maintenance Building and Lab Expansion	Revenue Bonds	1,109				1,109	
Granite Quarry & Rockwell Generators	Revenue Bonds	200				200	
Grant Creek Sludge Dewatering	Revenue Bonds	1,000		1,000			
Grant Creek & Town Creek WWTP Upgrade	Revenue Bonds	6,000			2,000	2,000	2,000
TOTAL SEWER IMPROVEMENTS		\$19,559	\$8,590	\$1,590	\$2,590	\$3,999	\$2,790
TOTAL WATER/SEWER IMPROVEMENTS		\$39,904	\$11,296	\$7,544	\$8,914	\$6,150	\$6,000

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